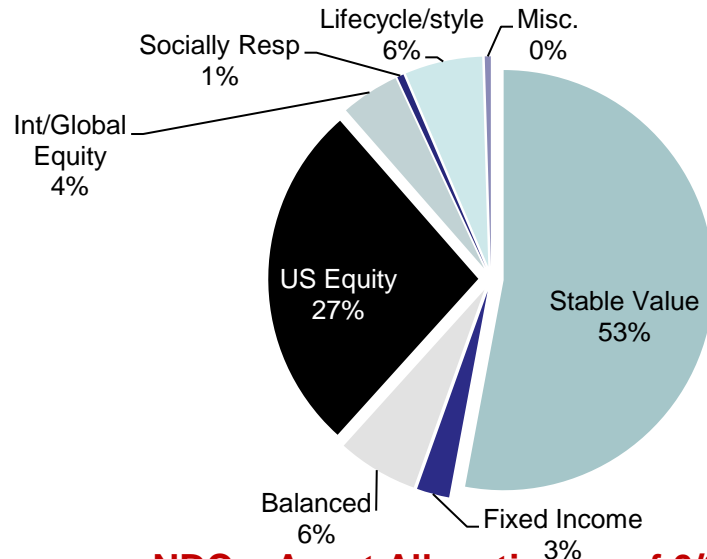


# Nevada Deferred Compensation

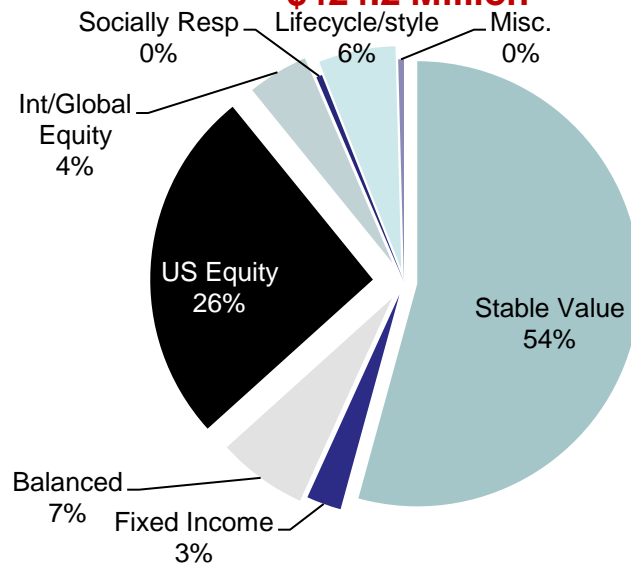
## NDC - Asset Allocation as of 6/30/10

**\$478.7 Million**



## NDC - Asset Allocation as of 6/30/09

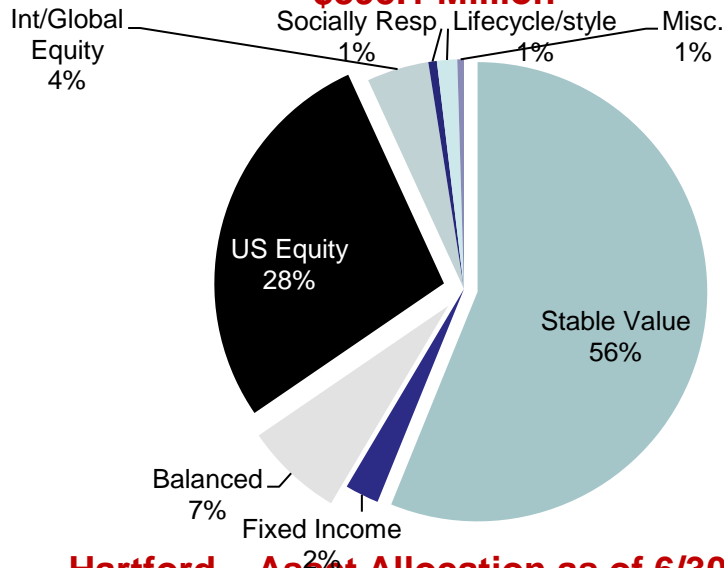
**\$424.2 Million**



# Nevada Deferred Compensation

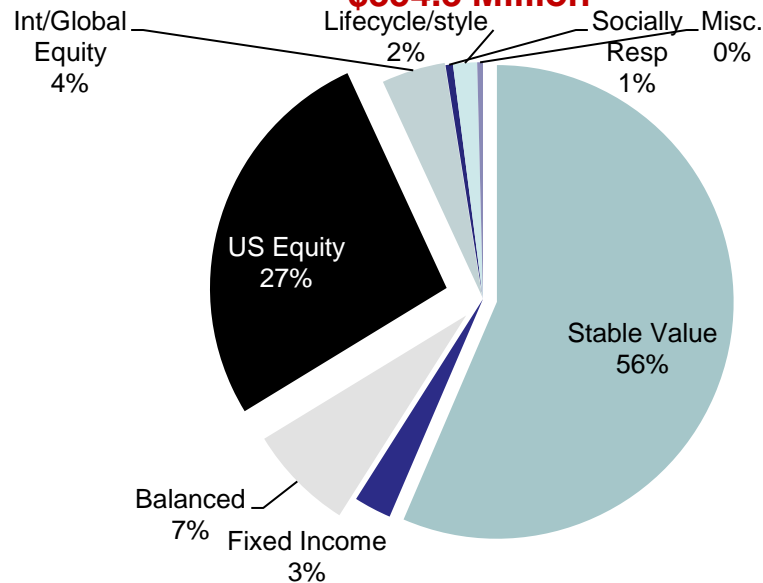
## Hartford - Asset Allocation as of 6/30/10

**\$395.1 Million**



## Hartford - Asset Allocation as of 6/30/09

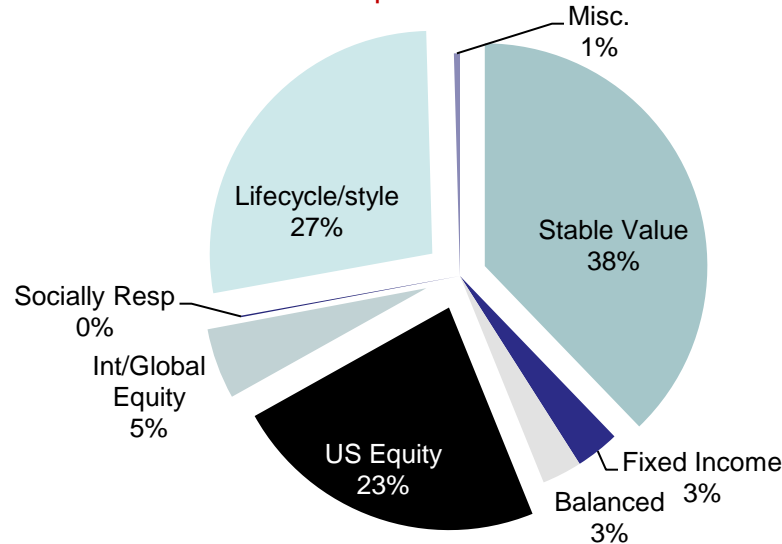
**\$354.3 Million**



# Nevada Deferred Compensation

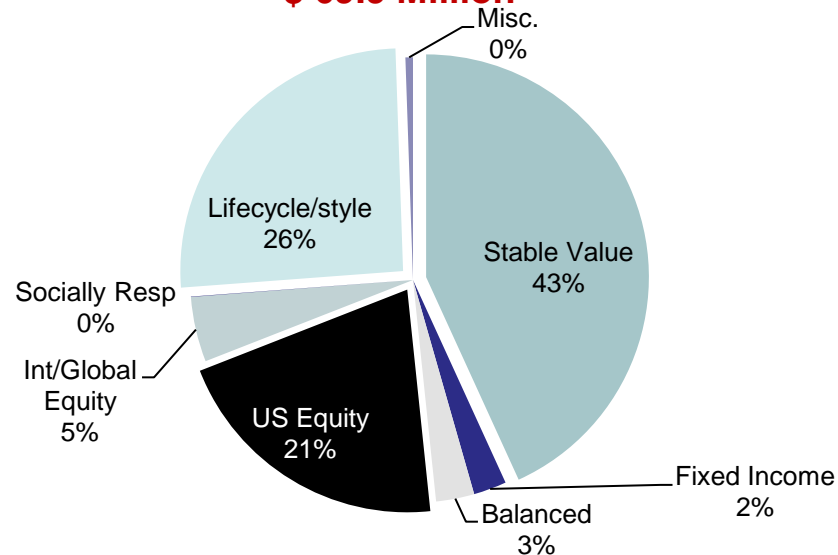
## ING- Asset Allocation as of 6/30/10

**\$83.6 Million**



## ING- Asset Allocation as of 6/30/09

**\$ 69.9 Million**

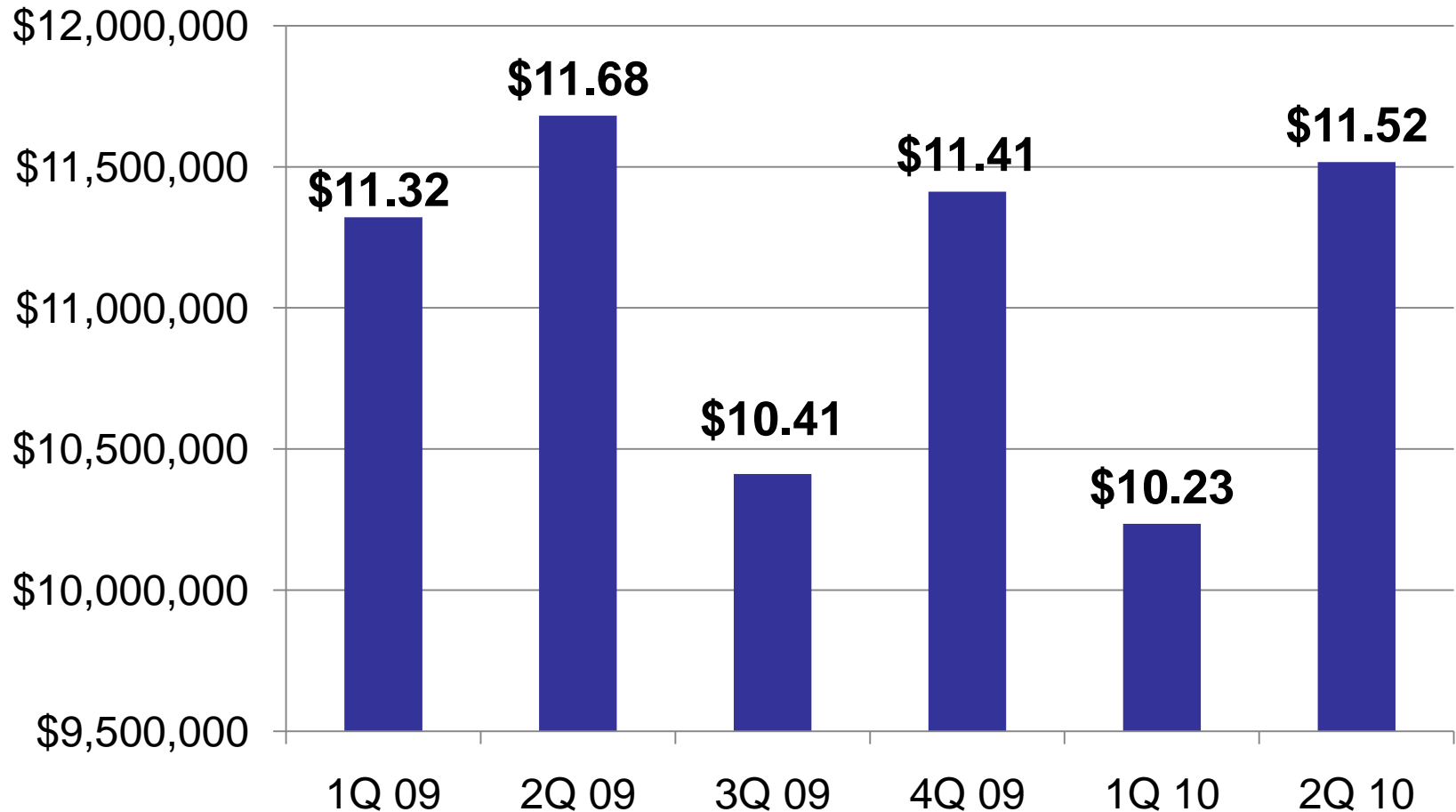


## 2Q Contribution Comparison

|         | Hartford    | ING         | TOTAL        |
|---------|-------------|-------------|--------------|
| 2Q 2009 | \$8,884,998 | \$3,165,444 | \$12,050,442 |
| 2Q 2010 | \$8,487,888 | \$3,028,604 | \$11,516,492 |







✓ 4% decrease in 2Q total plan contributions

## Contribution Comparison



# *Nevada Deferred Compensation*

## Plan Activity

|                                      | 2Q 09           | 2Q 10           | % Change  |
|--------------------------------------|-----------------|-----------------|---|
| Total Participants                   | 12,952          | 12,788          |  1%    |
| New Participants                     | 155             | 213             |  41%   |
| Quarterly Cash Flow                  | \$12.07 Million | \$11.53 Million |  4.5%  |
| Individual Mtg with Reps             | 1,730           | 2,373           |  37%  |
| Group Enrollment Meetings            | 182             | 223             |  23% |
| Unforeseen Emergencies<br>(Total \$) | \$99,972        | \$75,017        |  25% |

## **Performance Indicators**

- Our Mission
  - Voluntary, Supplemental Savings Plan
  - Cost Effective Quality Investment Options
  - Excellent Customer Service

# *Nevada Deferred Compensation*

| Performance Indicators  | FY 10 Actual<br>(as of June 30,<br>2010) | FY 10 Goal    | % of Goal  |
|---|--|---------------|------------|
| Total Participants*   | 10,415                                   | 11,429        | 91%        |
| Participation Rate*   | 31%                                      | 39%           | 80%        |
| <b>Percent of funds with top ratings (4-5 stars)</b>                | <b>58%</b>                               | <b>75%</b>    | <b>75%</b> |
| Average Annual Costs to Participants**                              | 0.67%                                    | 0.68%         | 102%       |
| Percent of Customers' Calls to providers answered within 20 seconds | 86% Hartford                             | 80%           | 108%       |
|   | 93% ING                                  | 80%           | 116%       |
| Total Plan Assets*  | \$386 million                            | \$393 million | 98%        |

\* Does not include alliance partner data

8  
\*\* Does not include guaranteed accounts



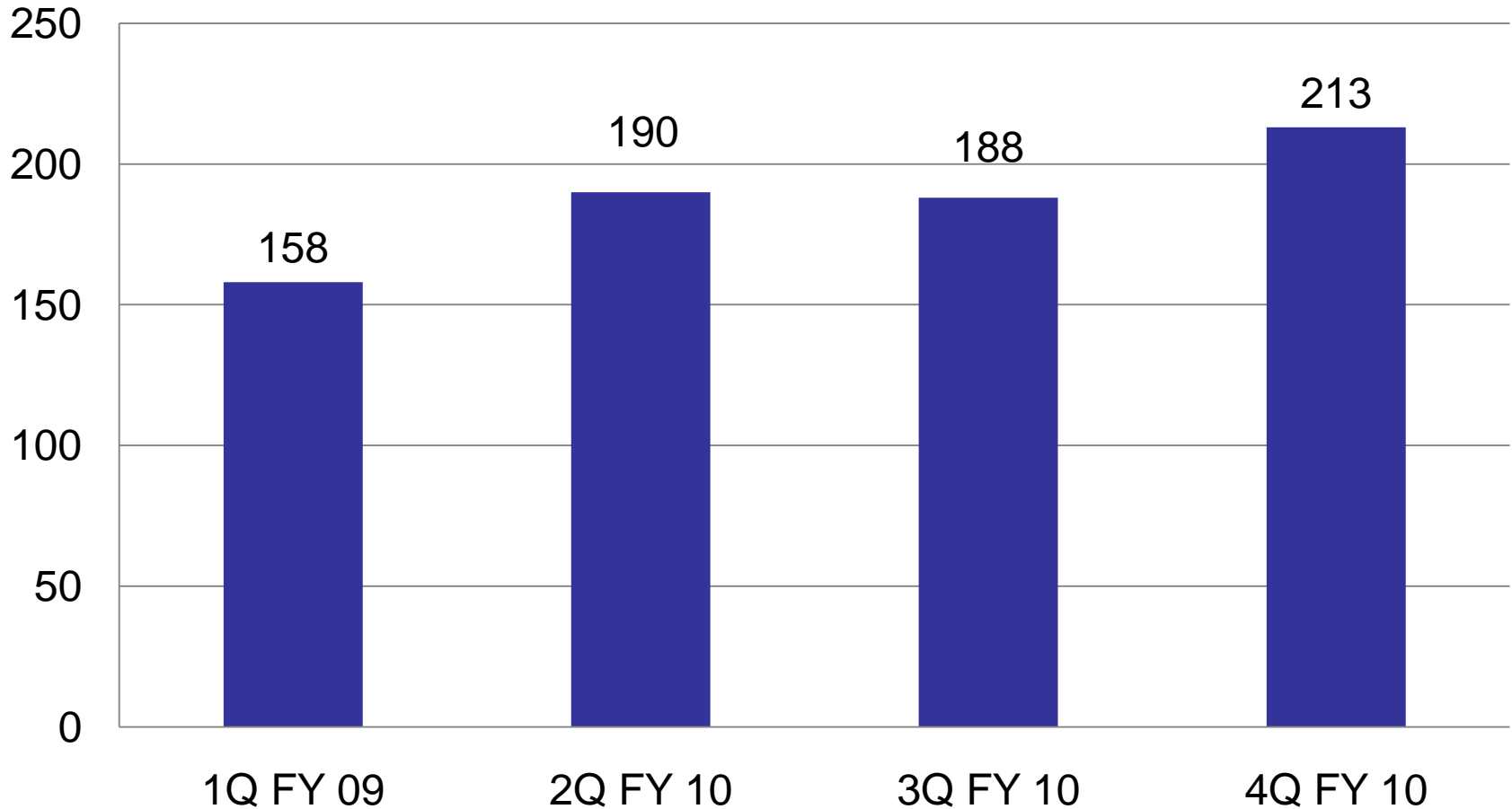
## **% of Funds with Top Ratings**

- Fiscal Year 2010 Average Rating: 60%
- Overall decline in fund ratings
  - 53% of NDC funds declined over 10 YRS
  - 35% of NDC funds declined over 5 YRS
- Staff recommends maintaining the current benchmark (75%)

## **Staff Initiatives**

- Communication efforts via mass e-mail
- Quarterly non-participant meetings
- Build relationships with personnel officers
- Conduct 'train the trainer' meetings
- Retiree and regular Financial Education Day(s)

## Increased Enrollments



## **Investment Structure Evaluation**

- Why review investment structure?
  - Clarity to Participant Decision Making
  - Enhance Plan Participation
  - Reduce Costs to Participants
- Current Structure
- Potential Changes
- Staff's Analysis
- Recommended Motions

# Nevada Deferred Compensation

Conservative

Tier I - Asset Allocation

Tier II(A) - Passive Core

Tier II(B) - Active Core

Tier III - Specialty

**Target Date/Target Risk**  
Vanguard Target Retirement  
Funds  
ING Custom Lifestyle

**Core Fixed Income**  
SSgA Bond Market NL Index  
Vanguard Total Bond Market Index

**Stable Value**  
Hartford General Account  
ING Stable Value

**Core Plus Fixed Income**

**Balanced**  
Van Kampen Equity Income  
T Rowe Capital Appreciation

**Large Cap Value**  
American Beacon LCV  
Allianz NFJ Dividend Value

**Large Cap Core**  
Vanguard Institutional Index

**Large Cap Core**  
Victory Diversified Stock  
Fidelity Contrafund

**Socially Responsible**  
Neuberger Berman Socially  
Responsive  
Parnassus Equity Income

**Large Cap Growth**  
T Rowe Price Growth Stock  
AF Growth Fund of America

**Global Equity**  
Mutual Global Discovery  
AF Capital World Growth &  
Income

**International Equity**  
American Beacon Int'l Equity Index  
Vanguard Developed Markets Index

**International Equity**  
AllianceBernstein International Value  
Dodge & Cox International Stock

**Mid Cap Equity**  
SSgA S&P MidCap NL Index  
Vanguard Mid Cap Index

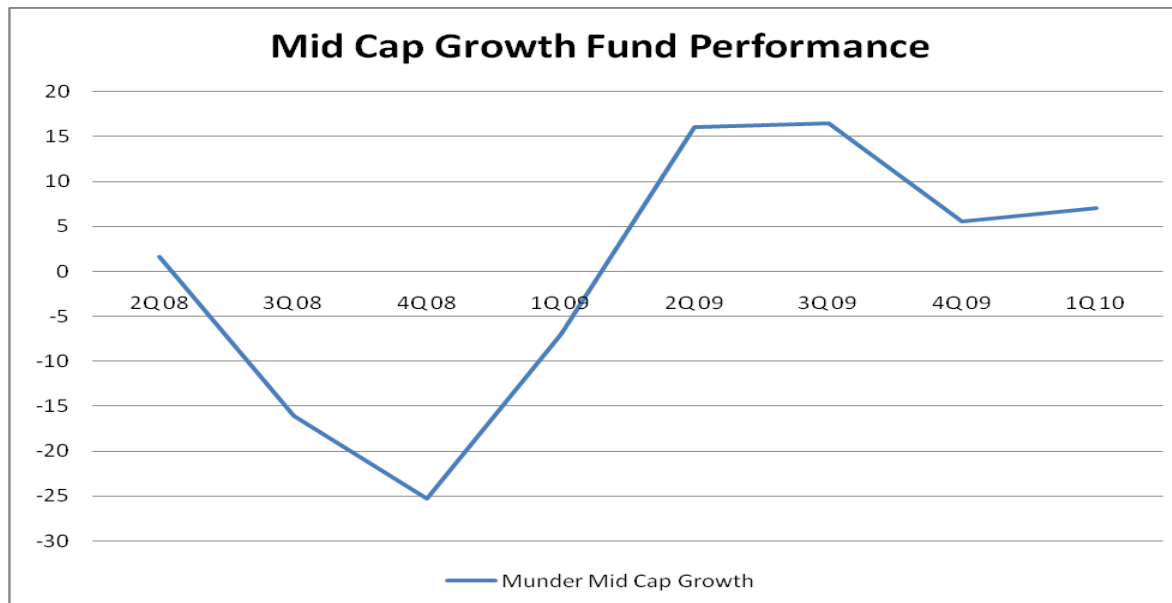
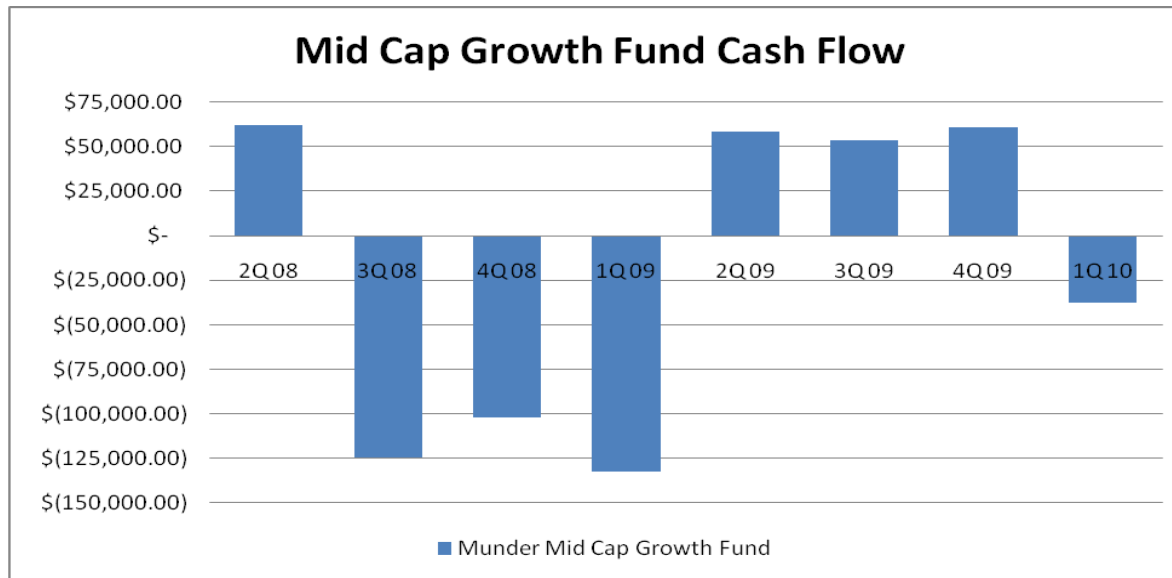
Small / Mid Cap Equity  
CRM MCV  
RiverSource MCV  
Hartford Mid Cap HLS  
Lazard US MC Equity  
Munder MidCap Core Growth  
Columbia Acorn  
Columbia Small Cap Value II  
Evergreen Special Values  
Oppenheimer MainStreet SC  
Keeley SCV  
Hartford Small Company HLS  
Baron Growth

**Small Cap Equity**  
Vanguard Small Cap Index

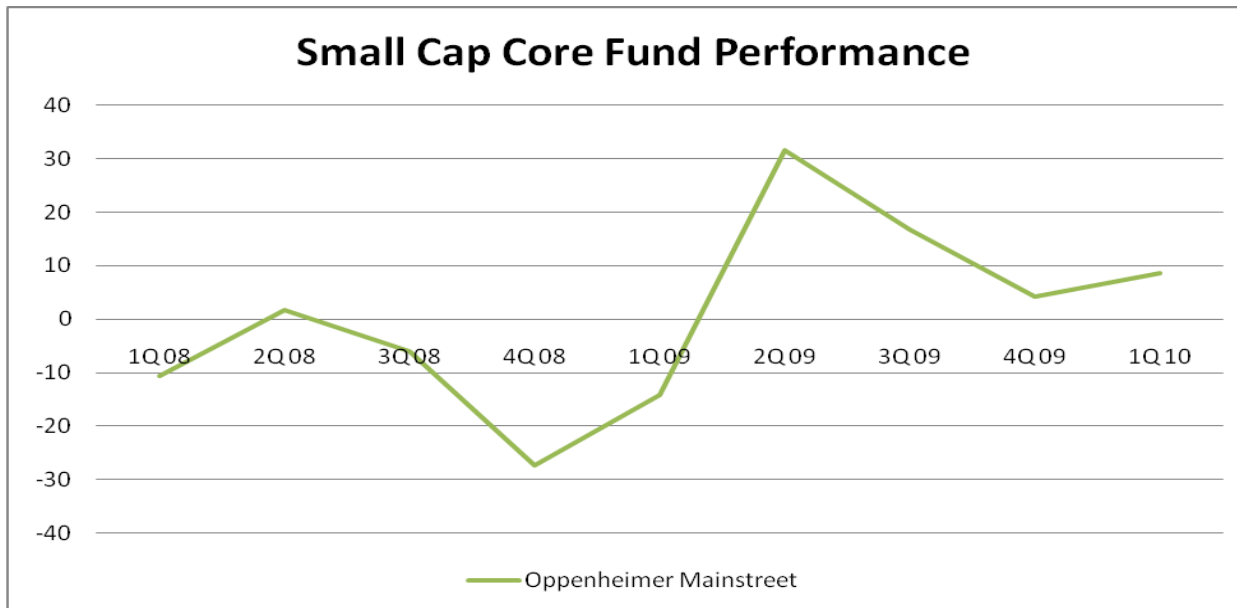
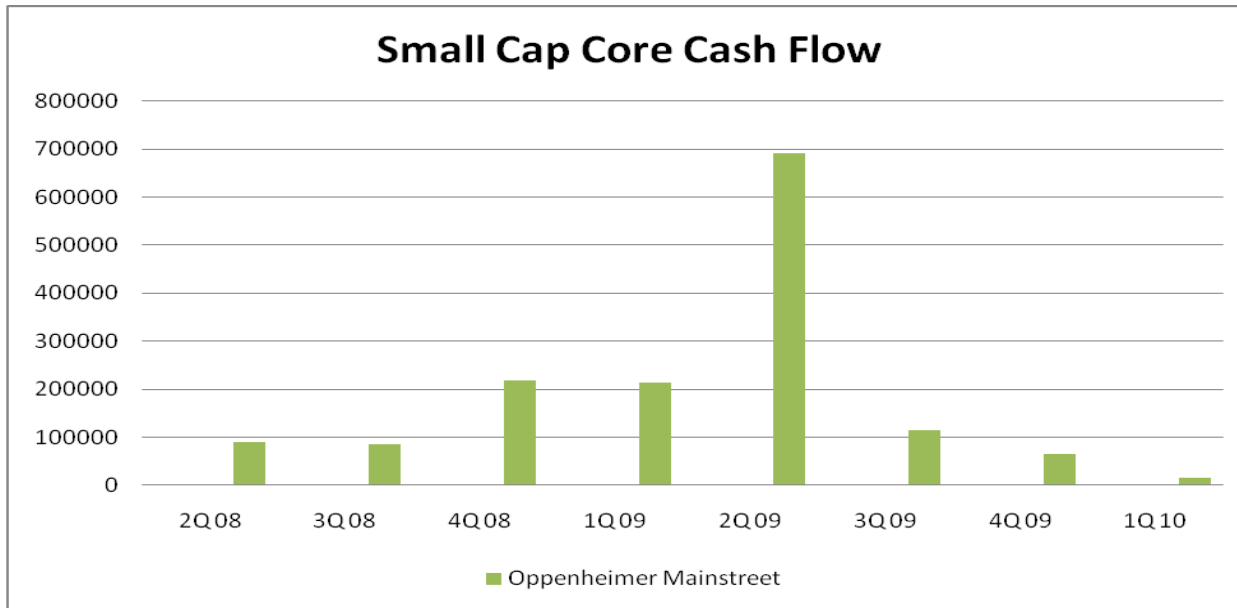
**Self-Directed Brokerage**  
Schwab SDBA  
TD Ameritrade

Aggressive

# Nevada Deferred Compensation



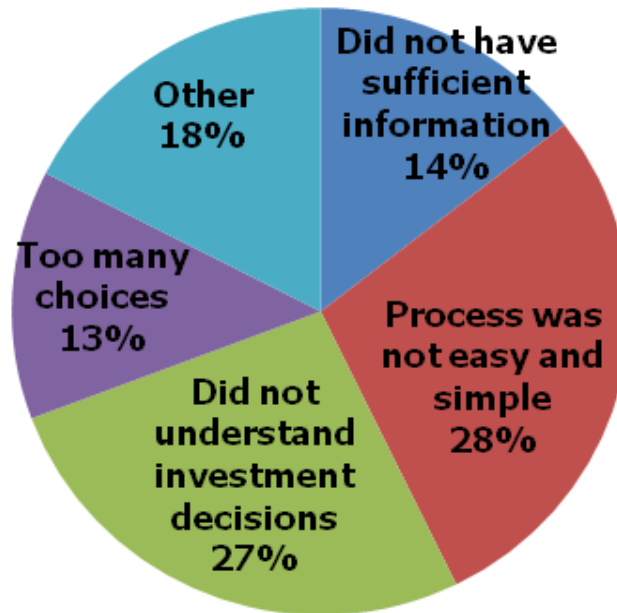
# Nevada Deferred Compensation



9/9/2010

# *Nevada Deferred Compensation*

If you have considered enrolling but did not complete the process, please state reason(s)



**“I never did enroll, too confusing.”**

**“I really didn’t understand the investment options.”**

**“I need to know where my money is going and what am I going to get back.”**

**“Can't they just put it in easier to understand terms?”**



## **Staff Recommendations – Hartford**

CRM Mid Cap Value

Munder Mid Cap Core Growth



Hartford Mid Cap

Colombia Small Cap Value II

Hartford Small Company



Oppenheimer MainStreet

## **Staff Recommendations – ING**

Riversource Mid Cap Value  
Colombia Acorn Fund



Find Replacement Fund  
(Lazard US Mid Cap Equity)

Evergreen Special Values  
Baron Growth



Find Replacement Fund  
(Keeley Small Cap Value)

## **Recommended Motions**

- Motion to map the both the small and mid capitalization actively managed growth and value equity funds to the small and mid capitalization actively managed core funds, respectively, for both service providers.

## **Recommended Motions**

### ■ **Hartford**

- Motion to direct Staff to work with Mercer and Hartford to map the CRM Mid Cap Value Fund and the Munder Mid Cap Core Growth fund into the Hartford Mid Cap Fund.
- Motion to direct Staff to work with Mercer and Hartford to map the Colombia Small Cap Value II Fund and the Hartford Small Company Fund into the Oppenheimer MainStreet Small Cap.

### ■ **ING**

- Motion to direct Staff to work with Mercer and ING to find a suitable set of replacements for the Lazard US Mid Cap Equity Fund and the Keeley Small Cap Value Fund for the Committee to consider.

## **Regulatory Reform Update**

- Department of Labor (DOL) fee disclosure regulations
- Target-date Fund Proposed Regulations
- Marketing/Administrative Fee Proposed Changes
- Stable Value Regulations Update
- Credit Rating Agencies

## **Fund Watch List Approval**

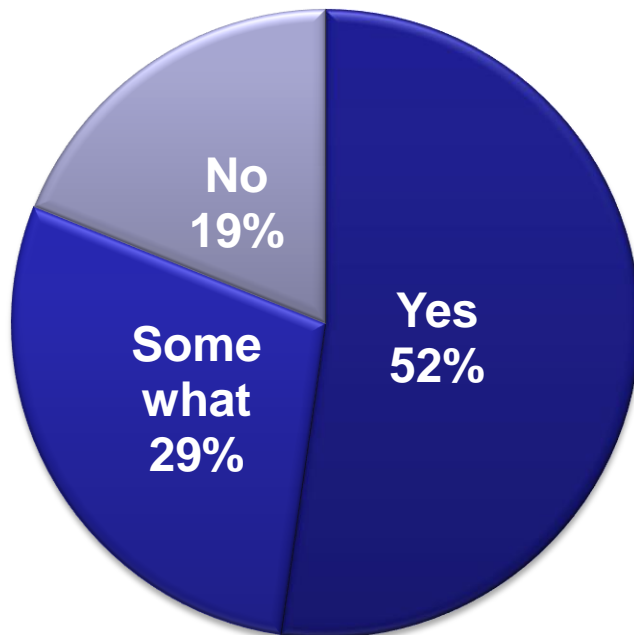
- Hartford General Account: Remain on Watch
- Invesco Van Kampen Equity & Income: Remain on Watch
- AllianceBernstein Intrntl Value: Terminate/Replace
- Oppenheimer Main Street Small Cap: Remain on Watch
- Mutual Global Discovery: Remain on Watch

## **Non - Participation Survey**

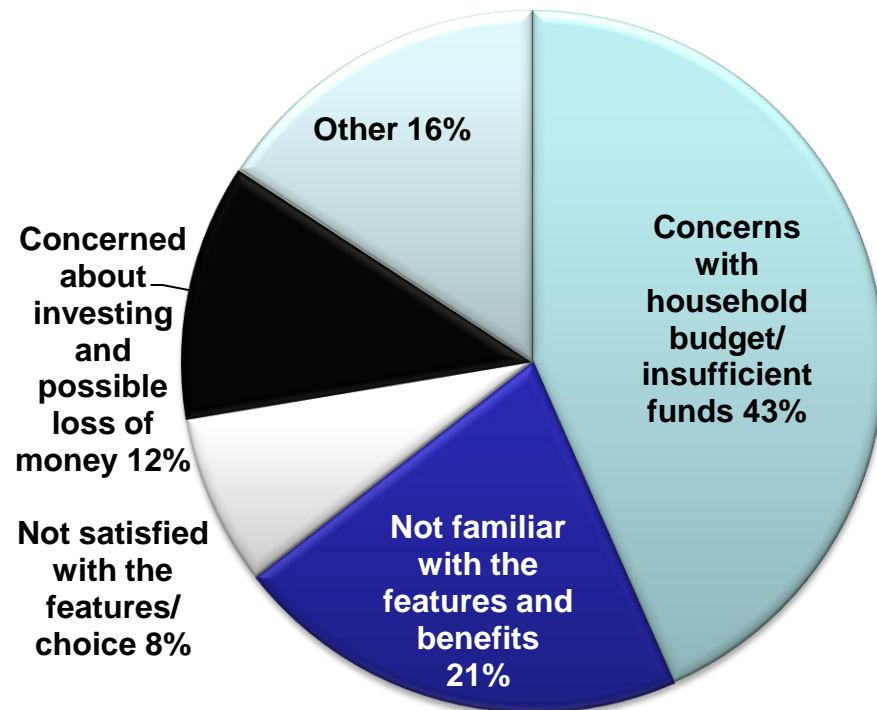
- Distributed Via E-mail
- Over 20,000 Participants and Non-Participants
- 210 Completed Surveys
- Approximately 12,500 state employees do not participate in NDC

# *Nevada Deferred Compensation*

**Are you familiar with NDC?**



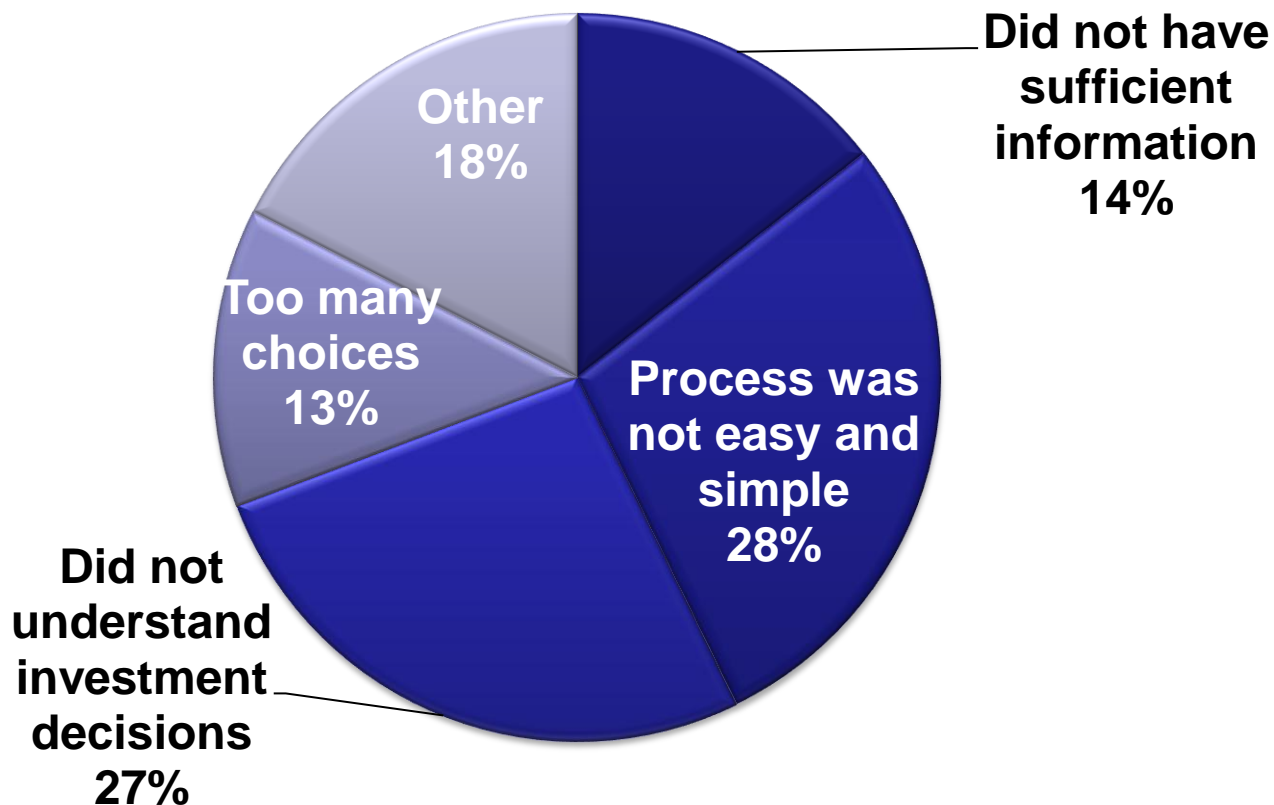
**Why are you not participating?**





## *Nevada Deferred Compensation*

**If you have considered enrolling but did not complete the process, please state reason(s)**



## **Conclusions**

- Continue Communication Efforts
- Simplify Enrollment Process
- Continue Plan Branding Efforts

## **Simplified Enrollment Forms**

- Form requires two decisions:
  - Which service provider, and
  - How much to contribute
- Default Investment Option
  - Target Date/Risk Funds

## **Recommended Motion**

- Motion to accept the service providers simplified enrollment forms, including the default investment options, as submitted or amended.